

Message Text

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ACTION EUR-12

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EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03
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C O N F I D E N T I A L MOSCOW 10078

E.O. 11652: GDS
TAGS: EFIN EEWT UR
SUBJECT: SOVIET LATE PAYMENTS- INEFFICIENCY OR TREND?

REF: MOSCOW 9756

SUMMARY: WHILE BANK OF AMERICAN REPRESENTATIVE REPORTS
SOVIET SLOWDOWN IN PAYMENT ON DUE ACCOUNTS, OTHER BANKERS
ATTRIBUTE THIS TO INEFFICIENCY OF SYSTEM. GENERAL
TIGHTENING OF PAYMENT CLIMATE IS, HOWEVER, CONFIRMED
WITH TREND TO POSTPONE PAYMENT UNTIL 1978. END SUMMARY.

1. LOCAL BANK OF AMERICAN REPRESENTATIVE REPORTS CONSIDERABLE
TROUBLE IN COLLECTION OF OVERDUE 30-DAY ACCOUNTS IN USSR,
WITH PAYMENT ONLY AFTER 65 DAYS IN SOME EXTREME CASES.
REPRESENTATIVE STATES THAT HE IS SPENDING A CONSIDERABLE
AMOUNT OF TIME IN TRYKNG TO PERSUADE SOVIET FOREIGN TRADE
ORGANIZATIONS TO PAY UP ON TIME. HE REPORTS MEETING WITH
ATTITUDE OF INDIFFERENCE ON PART OF FTO'S AND SOVIET
FOREIGN TRADE BANK, ALL OF WHICH LEAVE IMPRESSION OF
UNCONCERN WITH MEETING AGREED DEADLINE.

2. CHASE MANHATTAN REPRESENTAIVES, ON THE CONTRARY, DO
NOT CONFIRM ANY TREND TOWARDS SLOWDOWN IN PAYMENTS. THEY
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ATTRIBUTE DELAYS INMEETING OBLIGATIONS TO INEFFICIENCIES
OF SOVIET SYSTEM AND SELDOM HAVE EXPERIENCED DELAYS
OF MORE THAN A FEW DAYS.

3. IN VIEW OF FOREGOING ACCOUNTS, E/C COUNSELFOR ASKED
MICHAEL MEISSNER, VICE PRESIDENT FOR EASTERN EUROPE AND
AUSTRIA, IN THE FIRST NATIONAL BANK OF CHICAGO (FRANKFURT)

FOR VIEWS. MEISSNER, WHO MAKES ABOUT FIVE TRIPS ANNUALLY TO USSR AND STRIKES US AS VERY CAPABLE SOURCE, SAID HE HAS EXPERIENCED ONLY THE SORT OF DELAYS CITED IN PARAGRAPH 2 ON CLEARLY DOCUMENTED OBLIGATIONS (I.E. THOSE COMMITTING SOVIETS TO PAY BY A PECISE DATE). ON OPEN 30-DAY DOCUMENTS, WHEREBY SOVIET PAYMENT OBLIGATIONS IS LESS PRECISE, THERE HAVE BEEN SOME DEALYS, BUT NOE OF THE 65-DAY DURATION CITED IN PARA 1. MEISSNER WHO WAS, OF COURSE, NOT INFORMED OF SOURCE - SAID THAT EXTREME DELAYS COULD ONLY BE IN CASE OF BANKS NOT VERY EXPERIENCED IN SOVIET MARKET. (WE HAVE NO DOUBTS ABOUT ACCURACY OF ACCOUNT OF B OF A REP.) HE CONFIRMED, HOWEVER, THAT SOVIET FROEIGN TRADE ORGANIZATIONS ARE TRYING TO STRETCH OUT PAYMENTS, WHERE POSSIBLE UNTIL 1978. HE HAS PICKED UP CLEAR INDICATIONS THAT PAYMENTS NORMALLY ON 30-DAY BASIS BY SOVIETS ARE NOW BEING POSTPONED UNTIL NEXT YEAR, WITH CLEAR SOVIET INSISTENCEON PAYMAENT AFTER 1/178.

4. COMMENT: PART OF BANK OF AMERICA'S EXTEME DIFFICULTIES MAY WELL STEM FROM SPECIAL PROBLEMS WE HAVE ALREADY REPORTED. AS REPRESENTATIVE OF B.T.L. BARCLAYS TOZER LIMITED PUT IN TO E/C COUNSELFOR JULY 12, BANK OF AMERICAN IS STILL BEING GIVEN "BITTER" TREATMENT BY SOVIET BANKERS. HE VOLUNTEERED VIEW THAT B OF A BADLY NEEDS A "BIG LOAN" TO SOVIETS. WE BELIEVE, HOWEVER, THAT THERE IS DEFINITELY A DECISION BY SOVIETS TO POSTPONE PAYMETS WHERE
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POSSIBLE UNTIL 1978. WHILE DELAYS IN MEETING 30-DAY OBLIGATIONS ARE PROBABLY DUE MAINLY TO BUREAUCRATIC REASONS- THIS IS VACATION SEASON- SOVIETS ARE SAVING PENNIES WHEREVER THEY CAN GET AWAY WITH IT.
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Message Attributes

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Copy: SINGLE
Sent Date: 13-Jul-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
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